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## Tip Sheet: Medicaid Reform

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Medicaid provides free or low-cost health coverage to millions of Americans including some low-income adults, families and children, pregnant women, older adults, and people with disabilities. Medicaid currently covers 74 million people, or 1 in 5 Americans. More than 1 in 7 low-income older adults with Medicare (or 6.9 million people aged 65+) also rely on Medicaid for their health and long-term care.

For these older adults, Medicaid:

- Pays for long-term services and support at home, in the community, and in nursing homes.
- Helps pay their Medicare premiums, deductibles, and co-pays.
- Often pays for health services that Medicare does not cover, such as vision, hearing, and dental care.

Without Medicaid, low-income older adults are unable to afford their health and long-term care costs, even with Medicare.

### **How Does Medicaid Work?**

Medicaid was originally designed to help states meet health care needs of their residents. For every dollar that individual states spend on Medicaid services, the federal government provides \$1 to \$3, depending on the size of the state's low-income population. Here's an example: for every dollar that California spends on Medicaid, the federal government reimburses the state \$1, whereas Mississippi gets over \$3 in reimbursement. In theory, this provides the most resources to the poorest states with the least ability to fund medical services out of their own tax revenues.

Medicaid generally covers low-income people in specific categories, such as older adults with long-term care needs who have spent all of their assets. However, people eligible for Medicaid have substantially increased since passage of the Affordable Care Act as states had the option of accepting new federal money to expand who could be covered by this program. Of the 20 million

who gained health insurance under the Affordable Care Act, at least half were through this Medicaid expansion. Prior to the additional coverage furnished by the Affordable Care Act, millions of working Americans were uninsured, a factor that reduced their economic productivity. Poor health leads to a reduction in productivity through missing work due to illness, attending work while ill, and reduced work output whereas good health improves economic outcomes.

### **Who's at Risk?**

Leaders in Congress are currently proposing to fundamentally alter the way the federal government finances Medicaid. Proposals such as creating a "block grant" or "per capita cap," would require states to cover more of the Medicaid costs for services, and some states would fare better than others. These changes are part of various federal legislation, such as the tax reform bill, that would affect the funding of Medicare and the Affordable Care Act, also known as Obamacare.

Proposals for fundamental reform of Medicaid are far-reaching in terms of their consequences. Sixty million low-income children, parents, older adults, and people with disabilities rely on the program. Under Medicaid reform, states will face difficult choices to keep providing these critical services. States may raise taxes substantially. They may be forced to reduce Medicaid spending by cutting covered benefits, reducing enrollment, and/or lowering payments to clinicians and hospitals.

### **You Were Recently Approved to Receive Medicaid. Now What?**

Many states, including California, require people who have qualified for Medicaid choose a managed health care plan. Individuals can find help at the state's health coverage enrollment website, [Covered California](#), or can call [Health Care Options](#) to enroll in a plan.

### **What's the Bottom Line?**

Medicaid occupies a critical place in our society to answer our health care needs. The Medicaid program continues to evolve, responding to changes in the economy, the broader health system, state and federal budgets and in policy priorities. Ultimately, focusing on affordable delivery of high quality healthcare will help ensure the fiscal sustainability of Medicaid and preserve access to care for those who need it.

### **Case Example:**

There are many support services that enable older adults to remain at home so they do not have to live in a care facility. Home food delivery services such as Meals on Wheels help many senior citizens maintain their home lifestyles. In most states, the program is instituted in part by Medicaid. Across the United States more than 5,000 local, independently-run programs funded by federal money and private donations provide homebound older adults with healthy meals delivered by staffers or volunteers. Nationwide, Meals on Wheels serves nearly 1 million meals per day.

Zoila Chunoo, a retired bookkeeper living in New York city, relies on daily deliveries from Citymeals on Wheels. She is disabled and has trouble leaving her Hell's Kitchen apartment. The meal deliveries keep her healthy - they keep her alive.

Potential changes in Medicaid as a result of budget cuts could result in the Meals on Wheels program being slashed entirely and cutting essential services to older adults like Chunoo. This cut could leave our country's most vulnerable citizens with no way to access food.

With limited access to nutritious meals, older adults are even more prone to illness. Family members could potentially suffer due to economic hardship from lost wages, having to miss work to provide meals and other caregiving support to loved ones, or having to transfer their older relatives into a nursing home.

In many cases, Meals on Wheels even serves to deliver relief from isolation. For many Meals on Wheels recipients, their midday delivery is their main meal of the day and only social contact. Taking meals away from older adults who cannot get to the grocery store or cook for themselves, via cuts to Medicaid, has significant consequences.

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